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FCC ANNOUNCES ARREST OF GEORGIA MAN FOR MARKETING
ILLEGAL SATELLITE DESCRAMBLERS

As a result of an FCC investigation and with the assistance of the FCC Atlanta field office, the U.S. Marshal's Service arrested John R. Ross, Sr., of Cartersville, Georgia, last week for marketing unauthorized satellite descrambling equipment. On August 25, 1988, the FCC field officials assisted the U.S. Marshal's Service in executing a search warrant against J-Lyn Enterprise of Cartersville, Georgia. The owner was arrested and unauthorized descrambling devices being offered for sale were seized. Additional similar actions are pending in several cities nationwide.

Seized were several receivers, descramblers, an EPROM burner along with numerous chips, software for use in modifying the chips, customer receipts, and business invoices. The owner, John R. Ross, Sr., was placed under arrest by the U.S. Marshals. He was arraigned for purposes of setting bond on August 26, 1988.

The search warrant was applied for by the FCC in cooperation with the Office of the U.S. Attorney, Robert L. Barr, Jr., Northern District of Georgia. The case has been assigned to Janis C. Gordon, Assistant U.S. Attorney, Northern District of Georgia.

FCC's Chairman Dennis R. Patrick stressed his concern over the problem of satellite programming theft at a special press conference on July 21, 1988. He emphasized that this crime--the theft of private property--is not only stealing from the creators of the programming, but also from law abiding citizens who are willing to pay for the programming and may ultimately lose this service if the problem is not brought under control. If the wide-spread theft of these services continues, many programmers are likely to implement more secure and more expensive scrambling techniques to the ultimate detriment of the many current and prospective law abiding subscribers to these services.

Chairman Patrick has encouraged the Congress to raise the civil and criminal penalties currently provided by law to more forcefully deter piracy of scrambled satellite programming. He has also urged parties aggrieved by the theft of service to seek civil damages and stated the FCC would continue to work with the Department of Justice on enforcement efforts.

Concurrently, Chairman Patrick announced that the FCC's staff was issuing warning letters to vendors who apparently were marketing technology or equipment that enabled others to illegally intercept and make beneficial use of satellite scrambled programming.

The FCC's investigation and the resulting Cartersville, Georgia, arrest underscores the agency's concern with this escalating problem as outlined in the report, Inquiry into the Scrambling of Satellite Television Signals and Access to those Signals by Owners of Home Satellite Dish Antennas. The report concluded that "the number one problem facing the HSD industry today is piracy, or the theft of programming services. If unchecked, piracy could threaten the future viability of the entire industry."

The FCC is pleased to note reports of stepped up actions. A U.S. District Court in the Southern District of Florida recently ordered that statutory damages of $130,000 be paid by three parties to HBO; Showtime/The Movie Channel; Cable/Home Communications Corp., a subsidiary of General Instruments Corp.; and M/A-COM.

The FBI has previously raided a satellite TV operation in Amarillo, Texas, and seized modified descramblers. U.S. Customs took similar action in Montana.

Satellite Broadcasting and Communications Association announced the anti-piracy hotline has received more than 5,000 calls to provide information about satellite TV piracy.

Chairman Patrick's call to put the pirates out of business or to put them in jail is striking a responsive chord in the households which look to their home satellite dishes as important sources of information, education and entertainment. The public is clearly concerned about the costs associated with satellite signal theft. However, some consumers may still be unaware that it is illegal to buy a tampered descrambler box.

The FCC reminds individual consumers that they can be arrested for violation of the Cable Act if they use illegally modified descramblers on their satellite systems. If convicted under the section of the Cable Act forbidding individual ownership and use of an unauthorized descrambler, the user of an illegal device can be imprisoned for up to one year and fined up to $100,000.

The FCC takes this opportunity to remind those who distribute or sell equipment or technology which is used to access scrambled satellite programming without authorization of the severe legal consequences of those actions, including civil sanctions or criminal penalties of as much as $500,000 in fines and five years imprisonment. Devices associated with illegal descrambling activities can be seized and forfeited to the government.

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